



The Colorado Blue Ribbon Panel on Housing

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Marc Holtzman
Tom Ragonetti
Kathi Williams

Roy Alexander
Lynn Black
Joe Blake
Tom Clark

Britta Fisher
Tony Hernandez
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Andrew Knudtsen
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John Osborn
Rick Padilla
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Michael Rosser
Gary Severson
Alana Smart
Jim Spehar
Deb Tamlin
Ed Tauer
David Wedmore
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1313 Sherman Street, Room 518
Denver, Colorado 80203

MINUTES

January 4, 2005, Red Rocks Community College

Called to order - 2:05 pm

Kathi Williams calls meeting to order

Kathi announces that she will be changing the agenda to cover only the trust fund issue for this meeting.

All members introduce themselves –

Mike Rosser
Roy Alexander
Kathi Williams
Tom Ragonetti
James van Hemert
Andy Knudtsen
Tom Clark
Rick Padilla
Alana Smart
Britta Fisher
Mike Rock
Peter Neukirch
Joe Blake
Ed Tauer
Jim Spehar
Deb Tamlin

Lynn Black via teleconference

Also Present: Annmarie Jensen
Rachel Basye
Pay Coyle
Ryan McMaken
Ken Hoagland

John Kefalas

Summary of December 7, 2005 meeting
Ryan McMaken recaps –

McMaken explains the matrix with various housing data sources, states we will not go over this matrix today because there is not time. We will come back to this in the near future.

The panel selected four points for how to proceed on the panel – it may want to become more specific on these points as time goes on.

1. Identify housing needs by type/market –What information is available and where? How can the State of Colorado better serve communities in this regard?
2. Identify tools available to address needs: tax credits, grants, etc. Identify barriers to the use of these tools: Regulatory barriers, referenda, etc.
3. Determine how do these tools/barriers affect other sectors of the economy - ie., how these policies/conditions affect economic growth and community development.
4. Discover how a community's jobs/housing balance can be identified and improved based on each community's preferences.

McMaken listed some places we could go with these in the future – base jobs analysis, information resources, inclusionary zoning as a possible future discussion.

Tom Ragonetti: We should stick to this four point plan and move on to the housing trust fund.

Kathi – “some back ground on the trust fund. We had out roundtable meetings this morning, and the coalition presented to that group. We had a lengthy and detailed discussion. This is a timely and important issue. There is a better than 90% chance that there will be a trust fund bill presented this legislation.”

Ryan McMaken introduces the three speakers - John Kefalas of The Housing Trust Fund Coalition, Dan Guimond of Economic and Planning Systems, Inc., and Ken Hoagland of Community Capital Corporation.

Jonh Kefalas – “Good afternoon - my purpose is to bring you up to date on the trust fund and to summarize. An HTF would have funds earmarked for the purpose of either rental or homeownership opportunities. It is designed to be reliable and to be available in a long term and sustainable basis.”

The powerpoint presentation is as follows:

**The Colorado
Housing Trust Fund:
*The Time is Now!***

**Colorado Blue Ribbon Panel on Housing
January 4, 2005**

Presentation developed with help from:
**Housing Colorado!, Colorado Coalition for the Homeless, Colorado Progressive Coalition,
Center for Community Change-Housing Trust Fund Project & Economic & Planning Systems**

www.coloradohousingtrustfund.org

A Housing Trust Fund is ...

- A distinct public fund.
- A depository for dedicated public revenue.
- Able to regularly spend on-going revenues.
- Used to produce and preserve affordable housing.
- Established on a permanent and sustainable basis.

Today ... there are more than 300 housing trust funds

By 1990

Eighteen states had created
housing trust funds

- *Arizona*
- *California*
- *Delaware*
- *Georgia*
- *Illinois*
- *Indiana*
- *Kentucky*
- *Maine*
- *Minnesota*

- *Nevada*
- *New Hampshire*
- *New Jersey*
- *North Carolina*
- *Oregon*
- *Tennessee*
- *Utah*
- *Vermont*
- *Washington*

By 1995

Another seventeen states had created housing trust funds

- *Connecticut*
- *Florida*
- *Hawaii*
- *Idaho*
- *Iowa*
- *Kansas*
- *Kentucky*
- *Maryland*
- *Missouri*

- *Nebraska*
- *Nevada*
- *Ohio*
- *Oregon*
- *Rhode Island*
- *South Carolina*
- *Texas*

■ *Wisconsin*

Florida Passes
the William E. Sadowski Act

Vermont Housing and
Conservation Board

Dedicated Revenues

- Real estate transfer tax
 - ◆ *Florida, Hawaii, Illinois, Maine, Nebraska, Nevada, New Jersey, South Carolina, Vermont*
- Interest from real estate or title escrow accounts
 - ◆ *Connecticut, Maryland, Minnesota, Washington, Wisconsin*
- Lottery earnings
 - ◆ *Kentucky, Oregon*
- Document recording fees
 - ◆ *Delaware, Missouri, Ohio*
- Interest from tenant security deposits
 - ◆ *Oregon*
- Interest from Unclaimed, Unnamed Property Fund
 - ◆ *Arizona*
- Bond and fee revenues
 - ◆ *Kansas, Nevada, New Hampshire,*
- Capital budget funds
 - ◆ *Washington*
- State income tax
 - ◆ *Massachusetts*

How Housing Trust Funds Work

Why Does Colorado Need a Statewide Housing Trust Fund?

- Colorado is a desirable place to live, and there is a demand for affordable housing.
- Investment in affordable housing is good for business because it creates economic activity, helps employers and workers stay in Colorado and provides families with more disposable income.
- In Colorado, which has the 12th highest wage requirement in America, a worker would need to earn \$16.64 to afford a two-bedroom rental. There is a significant gap between job earnings and housing costs for many Colorado families.

Colorado General Fund Allocations

Why is a Statewide Housing Trust Fund a Solution?

- The private market alone cannot solve Colorado's affordable housing crisis.
- It will provide a reliable source of equity funding that allows communities to more effectively plan for its residents' housing needs.
- It will help boost our economy by creating jobs and tax revenues and assisting businesses with labor costs.

- It will leverage other resources and be a flexible source of funding. A housing trust fund is a proven tool.

The Colorado Housing Trust Fund (CHTF) Will Be...

- A permanent state revenue source dedicated to the creation and preservation of high quality and affordably priced housing throughout Colorado.
- A source of funds to support a wide range of affordable housing production and preservation activities including both rental and homeownership opportunities.
- A long-term solution that responds to local community housing needs as well as statewide demographics.

How Will the CHTF Work and Be Funded?

- Provide loans and grants and be responsive to local needs and priorities; priorities will be established for projects that serve very low-income households (50% of funds will be used for projects serving households up to 50% AMI).
- Eligible applicants will include private sector developers, housing authorities, other government agencies and special districts.
- Administered by an already existing entity based on specific criteria and through a competitive application process.
- Financed through a dedicated stream of public revenue.

What Is the Recent History of the CHTF & the CHTF Coalition?

- In October 2000, after a series of legislative meetings sponsored by the CO Affordable Housing Partnership, a HTF brief was presented and approved by the partnership.
- In the 2001 Legislative Session, HB01-1317 was introduced to create the Home Investment Trust Fund.
- In the summer of 2001, the CHTF Coalition was formed to “establish a statewide housing trust fund with a dedicated and dependable source of public revenue for the creation and preservation of affordable housing throughout Colorado.”
- From 2001 – 2004, the Coalition has kept the housing trust fund issue alive by engaging policy makers, the public and interested stakeholders in this issue to achieve a common-ground solution.

Economic & Planning Systems

- ◆ Full service land economics firm
- ◆ Offices: Denver, Berkeley, Sacramento
- ◆ Areas of expertise:
 - ◆ *Real Estate Market and Feasibility Analysis*

- ◆ *Economic Development*
- ◆ *Fiscal and Economic Impact Analysis*
- ◆ *Public Finance*
- ◆ *Developer solicitation/negotiation*

Study Purpose

- ◆ Review need for affordable housing in Colorado
- ◆ Analyze available funding and need
- ◆ Identify and evaluate potential revenue sources for statewide housing trust fund
- ◆ Quantify economic and other impacts of housing trust fund investment in affordable housing

Analysis of Need

Colorado Division of Housing analysis of 2001 need based on supply and demand:

<u>Unit Type</u>	<u>Income Gp</u>	<u>Units</u>	<u>Cost (\$m)</u>
Shelter Homeless		2,000	\$ 18
Rental	0-30% of RMI	47,600	476
Rental	31-60% of RMI	18,900	109
Ownership	60-80% of AMI	38,700	<u>232</u>
			\$ 835

Funding Gap (\$m)

<u>Total</u>	<u>Annual Cost</u>	<u>Current</u>	
<u>Subsidy Cost</u>	<u>@ 5-yr Capacity</u>	<u>Resources</u>	<u>Gap</u>
\$835	\$72.4	\$45.9	\$26.5

- Additional funding at \$26.5 m/yr. would allow the state to meet 2001 demand over a 14-year period.
- Estimate does not reflect population growth or potential loss of currently affordable units

Sales and Use Tax Increase

Pros:

- ◆ Revenue generation > \$30 m at .05% increase

Cons:

- ◆ Requires voter approval
- ◆ Regressive

Increasing the Clerk & Recorder Documentary Fee

Pros:

- ◆ Revenue generation >\$35 million per year
- ◆ Increase: \$.04/100 residential, \$.01/100 commercial/land
- ◆ Nexus to housing and jobs
- ◆ Reasonable impact - \$80 on sale of \$200,000 home & \$100 on \$1 million commercial sale
- ◆ Leverage additional capital that is re-invested into the homebuilding and real estate industries

Cons:

- ◆ TABOR Constitutional restriction - voter approval required
- ◆ Adds to property transaction closing costs
- ◆ Property owners pay tax while whole society benefits
- ◆ C.A.R. has historically opposed RETT

Who Will Benefit?

- Rural and urban communities throughout the state.
- Developers; sub-contractors; employees; lenders; maintenance personnel and property managers; private investors; businesses; local and state governments; and our neighbors.
- In other words, it is in the state's public interest to take a leadership role in maintaining and enhancing our economic development and improving the general prosperity of all Coloradans.

More Specifically...

- A Colorado Division of Housing 2001 analysis projected a housing production need for the next five years greater than 100,000 units across the continuum of housing, assuming no loss of affordable housing stock.
- Since direct state housing resources were eliminated in 2002 due to the state's budget situation, it will be much more difficult to achieve a 50% production goal - 11,000 units per year.
- The \$15 M for annual construction could leverage \$150 million to help produce 3,400 housing units annually.

The Economic and Social Impacts...

- Enhanced Colorado competitiveness in attracting business.
- Economic stimulus to our Colorado and local economies.
- Increased housing production and preservation.
- Increased public & private investment in affordable housing
- Benefits to the construction and real estate industries.
- More jobs, tax revenue & overall economic activity.
- Greater family stability and well-being; educational improvement.
- More efficient delivery and enhanced effectiveness of social services
- More disposable income for spending or saving for the future; increased household wealth.
- Health benefits which reduce health care costs.
- Support for families leaving welfare to become self-sufficient.
- Improved quality of life and other environmental benefits.

How Will We Achieve the CHTF?

- The CHTF Coalition is made up of consumers, housing advocates, service providers, people of faith, for-profit and nonprofit developers, realtors, lenders, business owners, conservationists, county and city representatives, elected officials and public policy experts.
- The CHTF Coalition has created the framework for a statewide housing trust fund and has developed a final proposal with broad support. The Coalition continues to seek to broaden the support for the proposal throughout the state and in many different sectors. The Coalition commissioned a revenue source and economic impact study demonstrating the potential impacts of a Colorado Housing Trust Fund.
- The CHTF Coalition may bring this proposal to the Colorado Legislature in the 2003 Legislative Session and to the voters in 2003 or 2004, if necessary.

How You Can Help...

- Join the *1000 Friends of the Colorado Housing Trust Fund Campaign*.
- Offer your creativity and expertise to this effort.
- *Through the Colorado Housing Trust Fund, Colorado can achieve the goal that was articulated in the National Housing Act of 1949, "...the realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family."*
- *Let's do this for Colorado families.*

Ken Hoagland: We welcome the opportunity to use people's creativity to figure out how this will ultimately work.

Kathi Williams – "Thanks Ken, now is the time for questions. I might preface this with saying that neither the governor nor the DOH have a position on this."

Mike Rock – "broad comment – this discussion will not occur in a vacuum as we're talking about how to find funds. Those same funding sources could easily be discussed for a whole variety of other uses. We need to be real sensitive to the fact that we need to recognize all the other needs that come before local governments. Many people may or may not agree that housing is the best use. Were transfer taxes outlawed after tabor in the ski towns where they already existed?"

Unknown person responds – "they were grandfathered in."

M Rock – "so they would remain after a HTF would be passed. On the doc fees that are already there – those are used not as a general revenue sources. They are fees presently though, and closely connected to a specific service. This would change it to a general revenue source?"

John Kefalas – "the doc fees are not in the constitution like the transfer tax but are changeable in statute. "

Mike Rock – “but this would change them to be a general revenue source, as opposed to a fee. “

Mike Rosser asked about using the HTF funds as rental assistance – it could not be sec 8 specific, but could certainly help.

“What agency should be used?”

Ken H– there are two agencies. CHFA and DOH. We’re looking at if this would jeopardize the enterprise status for CHFA. We’re interested in hearing more as we work with state drafters.

Jim Spehar – I’m interested in why we need a vote for a fee. It’s not clear why a vote is necessary.

Tom R – “A fee must be quid pro quo – has to cover cost of service provided. Doc fee covers cost of clerk and recorder. If you go beyond this direct connection, you have a tax not a fee. We have a number of court cases where so-called fees are really taxes because they are used for general revenue.”

Ed Tauer – “the key to the fee is it has to be directly associated with the service provided. The amount you’re charging must be directly applied. With a tax, it’s hard to identify an 80 dollar doc fee as providing so much service. – so it becomes a tax.”

Tom Clark – if we had a reduction in the state income tax rate and a lifting of the revenue funds, would this still need a vote?

Tom Ragonetti – could you repeat the question?

Tom Clark - lifting limits in exchange for decreased rate – similar to Romanoff or governors proposal?

Tom R - “I don’t know enough about those proposals.”

Jim S – “I think tom that it would depend on the extent of debrucing – if its just for a revenue piece, if it doesn’t change a tax or increase a tax – it might not be necessary.”

Tom R – “a good rule is if you generate money for a gov generally – if its not related to something else a direct fee – if you raise anything in excess it’s a tax – it requires a vote.

-Tricky provision about change in tax policies that increases revenues, you have a tabor limit there too.”

Kathi W– “whatever happens around TABOR, I can assure you that TABOR supporters will make an issue of it.

I don’t want to give you the impression that I’m against the housing trust fund because I am not. There are two ways to create a housing trust fund. Initiative and referendum. You don’t have control over a referendum because of the way the legislature works. You begin to look at the equity issue of how this is structured because different legs have different amounts of power. You have much more control over ultimately it will say if you do the initiative instead of the referendum. Even if you get it out, doesn’t mean you get gov support, and that even doesn’t mean you could get it to pass on the ballot. One of the reasons we have the panel is because of the HTFC and our agreement to not have this go forward until we could have the Blue Ribbon panel make recommendations on how to proceed with this issue

Investigate – incentives, barriers, other things that are not about a tax increase. That process still needs to work. If we put it in the hopper in Jan, we create more problems than we solve. We saw what tabor reform did during the last legislative session. My thought is that this year is the year we need to tweak tabor and ultimately that is a greater priority than what happens to this trust fund because what happens will be a direct result of what happens after any tabor changes can go through.

What do we need to do with this proposal. Can you support it as is, or is there tweaking that needs to be done? One of the reasons we're doing this now is because its going to be before you very soon. "

Annmarie Jensen – "the HTFC had not intended to go ahead with this right away. We thought the panel would be very helpful in the process. We actually are being encouraged to go forward rather than the other way around. We are not ready now, we have a lot of issues that still need to be fleshed out. Legal questions. State and local match etc. We understand that there are a lot of problems. People are telling us that this is the year to go ahead with it. First of all we need to meet with some legal staff and iron out some of the problems. If we should choose to go forward, we still need the blue ribbon panel to tell us how we should go forward. How much local control, etc. We would like to hear that from you. I have met with the drafter we have started forming the questions, but not the answers. Sometimes things happen when we're not ready for them, and we hope you'll help us with it. This should not diminish what Kathi and the DOH have done on this issue. "

Tresi Houpt – "have you had a discussion about how you will go about measuring need throughout the state? "

Annmarie – "one of the things that we've done in the past 4 months is spend time out in the communities talking with them about how they see a trust fund working. One of the things they are very concerned about is getting affair share back. We've talked about a mix, some percentage that go to a region instead of a specific community. A criteria for this would be developed using a needs assessment. We'll have more details on this for you in the future. "

Mike Rock – "you talked about determining local match – what are the details? "

Ken H – we're not talking local match, but just making local jurisdiction know that they'll get their fair share. We're looking for a system to use the DRCOGS around the state as an umbrella for distributing the funds.

Gene Myers – "we in the industry tend to be on the wrong side of the issue. We're concerned that if we're not at the table, we're on the menu. We recognize that there is a need for housing. As an industry we're beyond expanding homeownership and beyond even that. We want statewide – reliable source of money, but lacking permanent stream, we think local govs will try to do what they can, and this creates IZO or IHO approach. We want to see some version of the HTF as some way of getting away from IZO We do feel that a large portion of HTF money go to homeownership. We do see a greater role for the industry in affordable housing. We ought to be able to have more of a level playing field in these funding sources for affordable housing. We need more job creation in addition to just housing. But housing is key in eco devo. Conditionally we're behind the trust fund. We need a statewide ban on IZO's.

We need to maintain our traditional legislative allies – that includes the Realtors. There was a slide that the realtors are opposed to the trust fund. We do not have a prob with this revenue stream. We would support transfer tax, doc fee, but we are trying to do that alone with our traditional legislative allies. We need to remain allies with the Realtors. "

Kathi W – let me clarify some info. When we talk about revenue streams lets distinguish between the doc recording fee and the documentary fee. The doc rec fee can have to do with many things other than housing. I'm assuming that the HTFC is using a documentary fee – this means that when you sell real estate you pay one penny per 100 \$ per the purchase price. That is a real estate transfer tax. We need to keep in mind that this is not a doc recording fee."

Ed Tauer – sometimes we have people who agree and we end up fighting each other at the legislature. Mike you just mentioned that we went through a lot of documentation and never heard the word local match. Then we heard "not necessarily" That's how the HTFC people burn credibility.

Annmarie – “when I said that what I meant was that portion that will go locally. So its not anything about a local match by the local gov’s. You can’t ask people to sign a blank check. We can all agree we have an affordable housing problem in Colorado. If we don’t have a solid way to fund, its not going to happen. There isn’t local money in small communities. We need a statewide source. That we all agree about. There are a lot of details about disbursement. We need to iron out these details or you can’t expect business, agencies, etc. to support it.

Homeownership – we struggle with the fact that there’s a large segment that may never be realistic for homeownership. If you gave some of these people a place to live, they still couldn’t make ends meet. Are they a candidate for home ownership and if not, what do we do with them. There are good ways to do affordable homeownership, and we need to get such details worked out. Minor tweaks in language can really change what something means. It seems that one of the things we didn’t do in this is tie it to programs. We learned that if you just give someone a place to live and let go, it will be a recipe for disaster. We need people in place to teach people life skills. So we should tie this money to programs for life skills implemented in those things that you’ve built.

One of the things we say a lot is that housing is tied to economic development. That is bad for credibility. We need to distinguish workforce housing from affordable housing. I’ve met with three companies none asked about affordable, but all asked about where employees are going to live. One co is talking avg salary of 90,000 dollars, some are 60% AMI. When we say affordable, they think of most challenged people in community. We need to be careful with language. “

Joe Blake – “my comments are brief – I recognize this is highly naïve. Every one of the subsidies has been publicly funded. Has there been any effort to get a long term commitment from foundations or private sources that would agree over a period of time that would contribute for a while to make it go. In the delivery of services, I don’t sense a self-sustaining part of this. How much can you be sure that the trust fund has a notion of replenishment either form operations or from other sources.”

Ken H – “we have a person who sits on the CHTFC from a foundation and she has pointed out that the greater foundation community has not funded any projects because they are scared about the magnitude of the problem, even if they were do it over a period of time to have the resources to address the problem.”

Kathi W – “ there is merit that will deal with housing challenges as a whole through a statewide fund because I have found that different foundations often do not want to address many of the diverse issues that are really required to be addressed in order for the problem to be solved.

Criticism –this study uses 2001 data which is outdated. To make the housing programs successful, we need to have flexibility because different communities have different needs.

The conditions in 2001 were different and presented much different needs. We can’t craft them all to certain conditions.”

Tom R – “this is very much a ready shoot aim process. We need more than just a knowledge that there is an affordable housing process. This is a lot like sending planes full of cheetos to address the tsunami disaster. We know there’s a problem, but we need the right response carefully crafted. “

Gene M- Right now, projects are not happening in Denver because of IZO – voluntary incentive driven issues would be much better. Its these mandatory unfunded regs that jack up the price of housing.

Kathi W– we are going to talk about inclusionary zoning in the future, so we will address it.

Dan Guimond – to respond to Ed Tauer – we can’t be too prescriptive about the need because its not necessarily the same need in different places form around the state. It is closely tied to the economic issues form around the state, and what the employment needs are. This makes it hard to offer up details about what exactly would be done with the money. Its going to take some crafting.

Peter Neukirch – how much money do you think you need? We’ve (DOH) had in excess of 13 million dollars to operate with. They’re going down 6 or 700,000 per year in approp. But to get through an election, we need a long term analysis through two economic cycles that will identify what the need of the future we have retirement in the future, and we’ll have a labor shortage if we have a transportation and housing problem. We need a greater coalition including the business community that can get this passed.” Fastracs help up as example of this kind of coalition.

Roy Alexander – “I feel like we’re dancing on the dead of a pin. Before I get into my real comment I want to say that I’m very pleased that this issue of the housing trust fund has been brought to this panel today. As I understand it, the intent of the panel was to develop a comprehensive set of solutions to deal with affordable housing – I think Ed Tauer makes a great point about definitions – so we need a comprehensive solution. And to me, no matter what we end up with, if among the solutions is not a pool of subsidy or pool of resources, dedicated to solving this problem, then I don’t think we’ve done our work. I feel as though the housing trust fund proposal is staring us in the face as probably the single greatest recommendation that we can come up with.

In 1949, the federal gov with the natl housing act recognized the problem and the need for resources and the need for incentives for the private sector to help deal with this affordable housing problem - the bond program the low income housing tax credit, the HOME program administered here by DOH - other states by the HFA - those things are proven to be successful year in year out, but are insufficient. There’s a huge gap of unmet need. I served in 2000-2001 of the congressionally created millennial housing commission. It was a nationwide housing commission, was bipartisan, it concluded that there is a great deficiency in funding in affordable housing. I’m really convinced that if a trust fund is not part of this panel’s support or recommendation, then we have failed in our charge. We said earlier that where the trust fund stands today is simply that we’re not quite ready – there are lots of open issues. I feel as though the coalition is seeking additional input. A lot of what we heard today will be very helpful in crafting this as we go forward. I don’t think the issue of - the risk associated with the governor saying no, I don’t think the issue of – I don’t think those are issues - reasons why we should not move forward supporting this trust fund idea. Reliance on 100 legislators - any single deal that goes through deals with the same risk of not being supported by the gov or being at the hands of 100 legislators. I think it’s our job to help present the recommendation in a manner that will make the case strongly enough that we will be successful. I feel there’s been a lot said here that we need to rally around. And we’re here to figure out the right way to do this.”

Tom R – “with due respect some of the those programs succeeded but a lot of them failed. They funded Pruitt-Igoe, Cabrini Green, etc. Our hearts were good, but our analysis was bad. Just throwing dollars at the problem will not solve it. We need good analysis to make sure we match up with consumer behavior to make sure that they are viable.”

Roy – “the single biggest reasons those programs failed was because they used the model that concentrated poor people. The mixed income approach we have today is much more is successful. “

Lynn Black – From a local perspective as the previous discussion brought out what worked well in the 50’s doesn’t work well in the 90’s or 2000’s that goes for small communities too. We have the same problem here. Here in resort region we need a wide array of tools available. I agree with Kathi that we need to fix TABOR, and once we do that, we’ll see a lot of tools available after we do that. Each comm. Is going to have different needs and those will feed into different programs.

Deb Tamlin – “the REALTORS have not come out against the proposal, so we don’t want the impression out there that the REALTORS are opposed to a housing trust fund. We give a lot of money that we raise internally to housing programs, and we have a long history of this . 37 states have transfer taxes and lot of them are earmarked for different functions going through your proposal. This is a very real community issues, but to solve it with the documentary fee, is to solve it with a very narrow tax base. It is really a sales tax on sales of real estate, its volatile, cyclical, its regressive, and raises a small amount of revenue, depends on mkt conditions – raises barrier to homeownership. The biggest cost is funding a loan – and down

payment. This tax cannot be included in the loan it cannot be rolled in. It is a fee that must be provided up front. We want to be involved – and REALTORS have been very much involved. We need to see what is out there before jumping into something. We do a lot of research and analysis and were supportive of Fastracs, and we don't want to be written off as opposed to this. “

Tresi H – “ this is truly a critical step that I think we need to take as a state. We all define aff. housing different depending on where we are. In the roaring fork valley are in the process of putting a trust fund together because we see that as the third leg of the stool that's been missing in our area. I do think that enough need has been expressed to recognize that we need some kind of trust fund. How do we define what kinds of programs will be funded? How do we work with other industries that will be directly connected with the programs. I think we do need to figure out how to we move forward together. “

Jim S- “as I've listened to the discussion I've concluded that this is more a when and how question than anything else. To have a pot of money of this extend is very important. As mike and others have said, we don't work in a vacuum and we have to discuss this in context. I think the no 1 challenge is TABOR issues, and we need to look at that. I think Kathi's comments on the initiative issue are important. There is a real value to have control over the language rather than let the legislature shape it. You do lose the control on important issues. I think as far as this panel goes, if we follow our work plan and do a needs assessment and we do an exam of the tools – depending on the results of those efforts they would tend to support this tool and other tools. If we choose the trust fund as a tool, we need to communicate to our communities why it is needed. In my own community we have a large backlog on families on the waiting list for affordable housing. We've elected to take it on, but there are a lot of things to examine first. We've put 500,000 into a fund, but there is still more study, and it would be wise for this panel to do that. “

Mike Rosser – “as a member of the finance industry, we've had an open dialogue through the Colo housing council and its one of the few places that builders and realtors, finance people etc all sit down together. This is one area where the finance people – are going to be open minded, but you have to overcome the issues of the transfer tax, etc. These are numbers people, they'll look at the numbers, but we have to make the case on workforce housing with the numbers.

There's going to be a reform of GSE's, there's going to be huge political pressure for them to devote more to affordable housing. This is the background of what lenders are looking at. There's a concern that there are many people in homeownership that maybe should not be. We need to not ignore multifamily. “

Gene - We're not going to solve the problem unless we put some money in. Even after we do analysis we can be sure there's going to be a gap. We need a substantial revenue stream. I think, like Jim, that this is going to be a when rather than an if. The likelihood of getting the public to pay through this in the form of a sales tax is probably not high. The transfer tax is a barrier to homeownership, but is 80 dollars that big a barrier? We're all about finding a revenue stream that works for everyone, the Realtors included, and we can't think of a better one. We need better ideas on this. This isn't going anywhere unless everyone can agree and get behind the revenue source and the program.

Kathi W – This really brings down a point. If you sat down with the realtors, they might say we can't think of anything that makes more sense than a small sales tax. Or the builders might say that they can't think of anything that makes more sense than a doc fee. We need to make sure and cover all the bases and ensure that there is a consensus on this issue. If there is not a consensus, an HTF bill may end up a something far different from what we want. The only way to avoid this is to have a broadbased coalition that we've built a consensus with. Fastracs is an excellent example of the benefits of constructing a broadbased coalition of groups pushing the solution. Its easy to defeat a bill if there is already disagreement among the groups, but if all the groups are lined up, this won't happen.” Kathi W recommends the initiative process.

Annmarie J- “I wanted to clarify one of the legal issues. If we have a tax source, we're concerned that it could be raided by other groups later. So we have been looking at whether we can create an enterprise fund perhaps within DOH or CHFA and keep it as an authority so its can't be raided by other sources. To do this, that leaves us out of a broad based tax because we're told there has to be a connections between housing and the revenue support. The trust fund coalition is working on creating a broadbased coalition,

and we making efforts part of which is why we're talking about the 2006 election as the time for the vote on the issue even though we're might be running the legislation this year. We very much want all your input on how you would like to see this legislation written. We want to make it into something that everyone can support. It may not be possible to get everyone exactly in agreement, but we are open."

Kathi W- "and the legislature will not wish to give away its power to raid those funds."

Peter N- "would it be possible to see a draft of this leg to help iron out some of the bugs in the legislation?"

Ed Tauer - "If its not going to go to the ballot until 06, how would you put something through now, how could there be any tweaking of the language later? Its my understanding that once its out of the leg, the language is set."

[Indistinct response]

Ed - "that would mean we have until May to craft something everyone agrees on. I'm pretty optimistic, but that seems pretty short."

Everyone agrees there's a need for affordable housing and different kinds. There's a need for probably s statewide consistent funding source. We're only talking about a couple of things- the first is the source. No matter what somebody's ox is going to get gored - I understand why different groups don't want to get hit. But someone has to give up something. If its going to be limited to housing, the source has to be tied to housing."

Kathi W - "let me tell you what my early vision was. It was that this panel would meet this year, have recommendations in Nov, and we'd have a chance to build a consensus. And then the recommendation would be used to craft the details. The devil is in the details. Its easy to find agreement and harder to address the differences in the details."

This groups has the potential to come up with a comprehensive solution rather than just the trust fund. We need to show that we have covered all the efficiency and resource issues that need to be addressed first, then we are more likely to be successful in actually putting together a HTF.

For example, we have a lot of PAB's that are in danger of expiring, and this shows we're not using our resources in the way we could be. We can put a lot of money into projects with a little creativity. Meanwhile, your doc fee money is going out to far off regions of the state. We need to show that we've already addressed all those other issues."

Surveys on the Housing Trust Fund proposal were collected from members.

Adjourn - 4:35